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United States General Accounting Office

Report to the Chairman, Committee on Veterans' Affairs, United States Senate

August 1985

VA NURSING HOMES

VA Justification of Nursing Homes at Amarillo and Tucson

GAO/HRD-85-80

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United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

August 20, 1985
B-218854

The Honorable Frank H. Murkowski
Chairman, Committee on Veterans' Affairs
United States Senate

Dear Mr. Chairman:

At the request of the Committee's former Chairman, we reviewed justifications provided by the Veterans Administration (VA) for the two nursing home care unit construction projects proposed in its fiscal year 1986 budget to determine whether VA adequately considered local needs and resources and less costly alternatives to new construction. An interim report[1] to you dealt with the methodology VA used to set priorities for nursing home care unit construction in fiscal year 1986.

In our opinion, the proposed projects for the VA medical centers in Amarillo, Texas, and Tucson, Arizona, are justified.

Background

In its Five-Year Medical Facility Construction Needs Assessment for fiscal years 1985-89 (the latest assessment available at the time of our review), VA proposed seven construction projects for fiscal year 1986. However, VA requested authorization and funding for only two of the projects in its fiscal year 1986 budget request: a 120-bed unit in Amarillo at an estimated cost of $6.5 million and a 120-bed unit in Tucson at an estimated cost of $6.8 million.

VA also requested funding for two nursing home care units as part of the hospital replacement projects at its medical centers in Houston, Texas, and Philadelphia, Pennsylvania. These projects were authorized by the House and Senate Veterans' Affairs Committees as part of the fiscal year 1985 budget; therefore, we did not include them in this analysis. We recently reported to the Chairman, Subcommittee on HUD-Independent Agencies, Senate Appropriations Committee, that VA had adequately justified the 240-bed nursing home portion of the Philadelphia project.[2]

[1]"VA's Methodology for Setting Priorities for Nursing Home Care Construction Projects for Fiscal Year 1986" (GAO/HRD-85-70, May 17, 1985).

[2]"VA's Justification for the Number of Beds Planned for the Philadelphia Hospital and Nursing Home" (GAO/HRD-85-69, June 13, 1985).

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The Amarillo and Tucson medical centers are two of six centers in medical district 25, which covers Arizona, New Mexico, western Texas, two counties in Oklahoma, and three counties in Kansas. VA currently has no nursing home beds at Amarillo; Tucson has 41 nursing home beds. There are no state nursing homes in either the Amarillo or the Tucson area.

In previous reports[3] we recommended that VA consider information on local needs and resources and less costly alternatives to new construction, such as converting or renovating existing VA facilities, when planning for future nursing home bed needs. VA now requires its planners, as part of its Medical District Initiated Program Planning (MEDIPP) process, to document projected nursing home care needs, the projected availability of beds in community nursing homes and state homes to meet those needs, and the feasibility of converting existing space in the medical centers into nursing home care units.

Objective, Scope, and Methodology

Our objective was to determine whether VA planners properly followed VA's guidance included in the MEDIPP process when justifying the nursing home care units proposed for Amarillo and Tucson. We visited the medical district 25 office in May 1985 to review data developed during the MEDIPP process. We discussed the projects with district planners and officials at both medical centers, as well as VA central office officials involved in the planning process.

We did not validate VA's data on veteran population projections, nursing home utilization rates, or projected availability of beds in community or state nursing homes. Rather, we sought to confirm that district planners had those data available and used them to justify the projects. We did not obtain written comments on a draft of this report; however, we discussed its contents with VA central office officials on July 8, 1985.

We conducted our work in accordance with generally accepted government auditing standards, except that we did not validate the data VA used.

[3]"VA Should Consider Less Costly Alternatives Before Constructing New Nursing Homes" (GAO/HRD-82-114, Sept. 30, 1982).

"VA Is Making Efforts to Improve Its Nursing Home Construction Planning Process" (GAO/HRD-83-58, May 20, 1983).

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MEDIPP Process Supports Need for Both Projects

The 120-bed nursing home projects at the Amarillo and Tucson medical centers are justified using the data submitted by the district as part of the 1984 MEDIPP process. VA supported the need for the projects by projecting that in the year 2000, (1) medical district 25 would need to provide nursing home care to about 1,850 veterans, (2) community nursing homes and those operated by state agencies would be able to provide care to about 1,250 veterans, and (3) VA would have to care for the remaining 600 veterans in its own beds. Because the district then had only 307 nursing home beds, it justified the need for the additional 120-bed nursing home care units at Amarillo and Tucson.

VA officials told us that less costly alternatives, such as converting hospital beds to nursing home care units, were considered but found not to be viable alternatives to new construction at either location. Neither facility has excess hospital beds to convert to nursing home care units. In addition, space and functional deficiencies in the existing facilities at Amarillo and Tucson (built in 1939 and 1929, respectively) do not allow for the addition of nursing home beds.

Although not required as part of the MEDIPP process, district planners calculated the projected need for nursing home beds in each facility's primary service area. Using projections developed during the MEDIPP process, district planners estimated that VA would have to provide nursing home care to 332 veterans in Tucson's primary service area in the year 2000. Planners projected that VA would be able to provide care for 216 of those veterans in community nursing homes and, because Arizona does not operate a state home, VA would have to care for the other 116 veterans in its own facility. Therefore, a 120-bed nursing home project would be justified.

District planners estimated that VA would also have to provide nursing home care to 116 veterans in the Amarillo area in the year 2000. They projected that VA would be able to care for 76 of those veterans in community nursing homes, leaving the other 40 veterans to be cared for in a VA nursing home. Although this indicated a need for only a 60-bed facility because VA builds nursing homes in 60-bed increments, district planners prepared additional analyses that justified a 120-bed nursing home.

A February 1985 nursing home care analysis of the Amarillo area focused on (1) why many of the community nursing home beds in the area were currently not available for VA patients and would not be

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available in the year 2000 and (2) the number of skilled nursing home beds the Amarillo VA medical center would need in the year 2000.[4] Reasons for the nonavailability of beds included the lack of skilled nursing home beds (230 skilled compared to 3,592 intermediate care beds), the accessibility of these beds to VA patients, and the questionable quality of care in some community nursing homes.

In this analysis, district planners calculated that the need for VA-sponsored skilled nursing home beds in the Amarillo area in the year 2000 will range from 108 to 135 beds. The district planners, therefore, concluded that there was a substantial unmet need for skilled community nursing home beds in the Amarillo area. Planners were concerned that since the MEDIPP methodology does not differentiate between skilled and intermediate care beds, the MEDIPP plan underestimated the projected number of skilled beds that would be available in the community in the year 2000.

The February analysis stated that on June 30, 1983, the Amarillo VA medical center supported 46 veterans in community nursing homes—13 in skilled beds and 33 in intermediate care beds. Considering only the availability of skilled community beds to VA, planners estimated that community nursing homes would be able to care for only 30 of the 108 to 135 veterans they projected would need skilled care in the year 2000. Planners projected that VA would have to care for the other 78 to 105 veterans in its own beds, and therefore, the 120-bed facility would be needed. Although we did not validate the information in this study, the planners' analysis appears reasonable.

[4]The Medicaid program defines skilled nursing services as care provided or supervised by licensed nursing personnel on a 24-hour basis and intermediate care services as a lesser degree of care to persons whose physical or mental condition requires services available only through an institutional facility.

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We are sending copies of this report to the Administrator of Veterans Affairs, the Director of the Office of Management and Budget, and the Chairmen and Ranking Minority Members of the committees and subcommittees concerned with VA's nursing home care and construction programs. Copies will also be made available to other interested parties who request them.

Sincerely yours,

Richard L. Fogel

Richard L. Fogel
Director

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